

ER-4-3628

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Security InformationSenior Representative,
Attn: Comptroller,
Comptroller, Washington

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Administrative

Payroll and Allowance Accounts

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1. The proposal discussed in your Dispatch of 25 March 1953 for the transfer of payroll and allowance accounts for personnel from Washington to the field has been received. We are in general accord with your proposal and have been considering for some time the extent to which decentralization of finance functions can be accomplished to advantage.

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2. For the purposes of our study of this matter, Finance activities susceptible to decentralization from Headquarters to the field have been classified as follows:

- a. Payment of Travel Claims
- b. Payment of Allowances
- c. Final administrative examination and certification of claims and accountings
- d. Payroll

3. Conclusions reached and action taken with respect to these matters are summarized in the following paragraphs for your information and guidance:

- a. Payment of Travel Claims - Under existing regulations, claims covering local travel are paid by the field station to which assigned. Procedure for the payment of claims covering PCS travel from Headquarters to the field has been prepared and released to stations with Senior Finance Officers wherever such claims are paid by KUMARA. According to our records this procedure has been furnished to you and to in your area.

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- b. Payment of Allowances - The responsibility for the payment of quarters allowances was transferred to the field with the issuance of [] In addition, an amendment to the [] regulations providing for the payment of other allowances by field stations has been prepared and is presently in process of coordination. It is proposed that this procedure will be issued to all stations with Senior Finance Officers having at least 10 persons paid total allowances by KUMARK.

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The payment of allowances has been the source of much of the criticism of the employees toward payroll procedures. With the issuance of the procedure referred to above, the payment of all allowances will have been effectively transferred to field stations, and, the stations will be in position to administer such payments locally. We believe this action will largely eliminate problems in the pay area.

- c. Final Administrative Examination and Certification of Claims and Accounting - As rapidly as appropriate staffing can be accomplished, field Certifying Officers are being appointed for all stations with Senior Finance Officers. This phase of the decentralization has already been made effective through the appointment of Certifying Officers at certain stations in your area.

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- d. Payroll - A procedure decentralizing payrolls has been in effect at [] since last August. This procedure is not considered satisfactory, however, because all essential and basic functions relating to the payroll operations have not been transferred to the field. Notable among these functions are the functions of the Personnel Division. As a result, the Finance Division has had to assume the responsibility of translating personnel actions and transmitting them to the field in order that the field could have the basic data necessary to payroll personnel. Finance Division has found that the relaying of this information is fully as time consuming as was the preparation of the payroll on a centralized basis. Thus rather than reducing the payroll activities and payroll staffing requirements at Headquarters, Finance Division, Headquarters has been forced to maintain a staff which is capable of performing the payroll operations on a centralized basis.

The above, as well as several other factors relating to the control and transfer of files, information, etc., leads us to the conclusion that further decentralization of payroll functions is not advisable at this time.

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This conclusion appears particularly valid since allowances will be decentralized and it has been our observation that most problems and criticisms related to payrolls involve the processing of allowance payments. The decentralization of allowance payments should, therefore, place the field stations in position to effectively meet the complaints of employees in this area.

4. Although, as indicated above, we do not believe that it is feasible and desirable to further decentralize basic payrolls at this time, we do believe that your proposal to establish a central point of operations is worth while and can be worked out on an effective basis with respect to the activities to be assigned to the field as indicated above.

5. In the light of the above comments, we should like your views and recommendations on the following:

- a. The extent to which the functions indicated above may be assumed by the proposed ☐ centralized finance operations.
- b. Staffing requirements for the centralized operations, including type personnel required from Headquarters, either for the centralized operation or as replacements for persons transferred from stations.
- c. The extent to which the functions discussed above can be absorbed by additional individual stations.
- d. The adequacy of present staffs at the stations in your area and additional finance personnel required, if any.

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E. R. Saunders

27 May 1953
FD/LEP:mfh
Rewritten: 2 June 1953
ERS:aks

DD/P/ADMIN

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Comptroller